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Duquesne Light

Our Energy...Your Power

Gary A. Jack

Assistant General Counsel

411 Seventh Avenue
8th Floor
Pittsburgh, PA 15219

Tel 412-393-1541
Fax 412-393-1418
gjack@duqlight.com

INDEPENDENT REGULATORY
REVIEW COMMISSION

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April 16, 2007

VIA OVERNIGHT DELIVERY

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APR 16 2007

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

Re: Proposed Rulemaking for Revision of
52 PA Code Chapter 57 pertaining to
Adding Inspection and Maintenance Standards
For the Electric Distribution Companies
Docket No. L-00040167

Dear Secretary McNulty:

Enclosed for filing are one original and fifteen copies of Duquesne Light Company's Comments regarding the above-referenced proceeding. A copy has been e-mailed to Elizabeth Barnes this day. Should you have any questions, please do not hesitate to contact me.

Sincerely yours,

Gary A. Jack

Enclosures

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION** APR 16 2007

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

**Re: Proposed Rulemaking for Revision of
52 Pa. Code Chapter 57 Pertaining to
Adding Inspection and Maintenance
Standards for Electric Distribution
Companies**

Docket No. L-00040167

COMMENTS OF DUQUESNE LIGHT COMPANY

I. INTRODUCTION

Duquesne Light Company ("Duquesne" or "the Company") submits the following comments in response to the December 16, 2006 notice published in the PA Bulletin extending the comment period in the above referenced docket until April 16, 2007. In addition, Duquesne appreciates the opportunity to respond to the specific questions posed to the Electric Distribution Companies ("EDCs") in the January 9, 2007, Secretarial Letter. Due to the abbreviated time frame to prepare a response to the questions posed in the Secretarial letter for the technical conference held on January 22, 2007, Duquesne had reserved its right to supplement our response to the AFL-CIO and Office of Consumer Advocate ("OCA") related questions, which are attached below.

Duquesne has previously participated in this proceeding through general support of the comments of the Energy Association of PA ("EAPA") and by filing Company specific comments on February 9, 2005 and November 6, 2006, and presenting at the January 22, 2007 Technical Conference, as well as submitting company specific data on February 21, 2007, as requested by the Public Utility Commission ("PUC" or "Commission") staff at the Technical Conference. Duquesne adopts any previous comments by reference.

II. RESPONSE TO ANNEX A, AS PROPOSED BY OCA AND THE AFL-CIO:

If the Commission were to adopt the edited Annex A version in the AFL-CIO's comments dated November 4, 2006, what would those changes to the regulations cost Pennsylvania ratepayers? Please justify an aggregate figure with specifics. Would the proposed additions to the proposed regulations better reliability performance in the EDC industry?

Do you have any criticisms of the OCA's proposed revision to Annex A, and if so, what are they? What would the cost be to ratepayers if any in implementing the proposed regulations in Annex as revised by OCA? What would the benefit be?

As noted in previous comments, Duquesne proactively utilizes technological advancements, condition based maintenance and life cycle analysis along with proven strategies and best practices to manage system reliability. Duquesne recommends this continued, proven approach as a cost-effective measure to the operation of the Company's transmission and distribution systems in lieu of the proposed AFL-CIO and OCA standards.

Duquesne has carefully reviewed both proposals submitted by the AFL-CIO and the OCA. Duquesne respectfully submits that these proposals are unnecessary on Duquesne's system due to the level of automation and technology employed in its distribution processes. As described in prior comments, Duquesne has a unique, automated distribution system and capacitor management system, which utilizes sophisticated technology to improve O&M processes. Duquesne's use of these types of technology on the system allows for a near instantaneous assessment of system conditions and to immediately know how well the system is functioning. Additionally, Duquesne is undertaking a significant infrastructure investment on its Transmission and Distribution systems, and is adopting the proper level of operation and maintenance (O&M) with these new installations, which supports condition based maintenance plans.

The recommendations of the AFL-CIO and OCA would place Duquesne in a situation where the company would be reverting back to the days before technology and system process improvements were available, and required reliance only on this high level of manual resources.

An estimated, aggregate cost to implement the suggestions of both parties would cost Duquesne Light in excess of \$13 M annually, with no expected improvements in reliability. The breakdown of initial costs to Duquesne Light and our customers for the AFL-CIO suggestions are estimated over \$10 M per year, while the OCA proposed costs are estimated to provide for almost \$3M annually.

The AFL-CIO and OCA proposals are extremely costly and do not represent a corresponding improvement in reliability.

III. DUQUESNE SUPPORTS FLEXIBLE INSPECTION & MAINTENANCE PLANS AND RELATED TECHNOLOGY ADVANCEMENTS THAT MAKE STRICT STANDARDS OBSOLETE

Duquesne reiterates its support of the Commission's efforts to establish periodic Inspection and Maintenance Standards and is supportive of working with the Commission in developing rules that support a flexible framework.

Such plans could be submitted every two years for Commission review, comment and approval, and utilize the existing quarterly and annual reliability reports as a "timely" resource to monitor the activities at the EDCs to ensure that appropriate standards are currently being followed by the individual EDCs. The Commission would easily be able to determine whether a variance in previously submitted information may be creating a condition that needs to be addressed.

The Commission's focus should ensure that differences that exist within and among various EDC service territories, such as use of technology, operational requirements, service

territory terrain, vegetation species, equipment specifications, and reliability performances are properly addressed. An EDC that is meeting or exceeding the reliability standards should be able to continue to utilize its business driven plan, as opposed to meeting strict and costly standards that may not produce a positive impact on reliability. Duquesne currently has established an inspection and maintenance plan designed to control costs, to prioritize repairs and maintenance and to focus on delivering reliable service to our customers, with positive results that have been reflected in Duquesne's Reliability.

IV. CONCLUSION

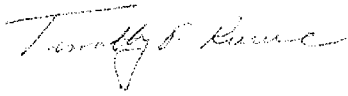
Duquesne appreciates this opportunity to provide comments on this very important issue. Duquesne respectfully submits that the AFL-CIO and OCA proposals should not be adopted as they impose unnecessary costs to all EDCs, and ultimately, the customers.

The Commission should continue to focus on an EDC's results rather than arbitrary activities, as well as recognize that the individual business decisions support a well managed inspection and maintenance plan to controls costs, utilizes self diagnosing technologies, prioritizes repairs and maintenance, and focuses on reliable service.

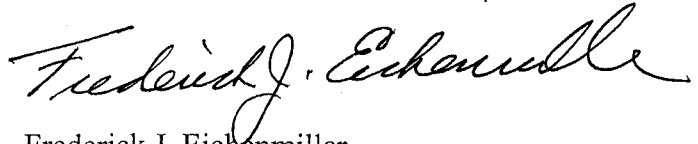
Duquesne has had consistent reliability above the Commission-established benchmarks and standards. Duquesne continues to evaluate reliability enhancing opportunities, but disagrees with the implementation of costly labor-intensive schedules as proposed by the AFL-CIO and OCA.

Dated this 16th day of April, 2007.

Respectfully submitted,
Duquesne Light Company

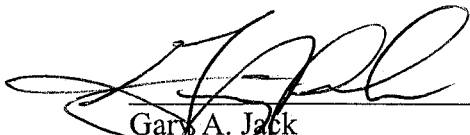


Timothy F. Kuruce
Director, Operations
2839 New Beaver Avenue, (N2-DOC)
Pittsburgh, PA 15233
412 - 393 - 8101
tkuruce@duqlight.com



Frederick J. Eichenmiller
Director, External Affairs
411 Seventh Avenue
Pittsburgh, PA 15219
412-393-6220
feichenmiller@duqlight.com

By Counsel:



Gary A. Jack
Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219
412-393-1541
gjack@duqlight.com